

Staple Street Capital Management, LP

Part 2A of Form ADV

Firm Brochure

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March 30, 2020

This brochure provides information about the qualifications and business practices of Staple Street Capital Management, L.P. and certain of its affiliates (collectively, but excluding its portfolio companies, “SSC”). If you have any questions about the contents of this brochure, please contact us at 212-613-3100 or info@staplestreetcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT SSC OR ANY EMPLOYEE OF SSC POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

Additional information about SSC is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure contains information about Staple Street Capital Management, L.P. and certain of its affiliates (collectively, “Staple Street Capital”, “SSC” or the “Firm”). SSC has not experienced any material changes since the amended Form ADV Part 2A dated March 29, 2019.

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Advisory Business

Staple Street Capital LLC is an independent private equity firm founded in 2010 by Stephen D. Owens and Hootan Yaghoobzadeh (the “Principals”) to primarily invest their own capital in compelling one off private equity deals (the “Pre-Fund Investments”). The Principals subsequently formed Staple Street Capital Management, L.P., a Delaware limited partnership, in 2014 to centralize the investment management functions of the Firm and launch Staple Street Capital II, L.P. (the “Main Fund”) and Staple Street Capital II-A, L.P. (the “Blocker Fund”), collectively the “Fund.”

The Firm focuses on making control oriented investments in lower middle market companies that have operational, balance sheet and/or other process complexities. The Principals have a strong personal and professional relationship that began over 15 years ago when the Principals started

working together in The Carlyle Group's US Buyout team and continued after Mr. Yaghoobzadeh left Carlyle to join Cerberus Capital in 2004. Bound by a shared investment philosophy and core values, the Principals formed SSC to leverage their experience garnered at these firms to target an underserved and inefficient segment of the private equity market where they believe investors like SSC with relevant market and complex transaction experience have the opportunity to generate attractive investment returns.

SSC serves as an investment manager to the Fund. The Fund includes a special purpose general partner, managing member or similar entity that is controlled directly or indirectly by SSC (the "General Partner"). Unless and only to the extent that the context otherwise requires, references to SSC include the General Partner. As of March 30, 2020, SSC managed on a discretionary basis \$319,507,649 of regulatory assets under management on behalf of the Funds.

Fees and Compensation

SSC receives compensation from fees based on a percentage of capital under management, carried interest distributions and certain other fees or expenses related to transactions, all in accordance with the terms of its advisory or management agreements, confidential offering and/or private placement memoranda, limited partnership agreement and other governing documents applicable to each Fund (the "Governing Documents"). Investors should review the relevant Governing Documents to fully understand the total amount of fees to be paid by a Fund and, indirectly, by its Investors. See "Performance-Based Fees and Side-by-Side Management" below for a further discussion of fees and the potential conflicts of interest they can create. See the "Brokerage Practices" section below for additional information regarding transaction costs.

Management Fees

As described in the applicable Fund's Governing Documents, each Fund will pay an investment management fee (the "Management Fees"), quarterly in advance equal to a percentage of aggregate capital commitments during the Investment Period or earlier upon the occurrence of certain events as set forth in the Partnership Agreement. In addition, as further described in the Partnership Agreement, the Management Fee will be reduced by a percentage of any: (i) directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner; but not including, in any event, any amount received by the General Partner or other person from a portfolio company as reimbursement for expenses directly related to such portfolio company, as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business or as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company.

The General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner's cash capital contribution obligation and/or a corresponding interest in Fund profits. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded Commitments. Except as otherwise agreed, the General Partner and Limited Partners who are affiliates, employees or other designees of the General Partner (collectively, the

“Affiliated Coinvestors”) will not be subject to carried interest or the Management Fee until the closing of a subsequent Fund.

Carried Interest

With respect to the Fund, SSC will be entitled to receive “carried interest distributions” in accordance with the specific provisions of the Fund’s Governing Documents. The General Partner’s carried interest distributions are generally subject to the obligation to return certain distributions pursuant to “clawback” arrangements periodically and upon liquidation of the applicable Fund as provided in such Fund’s Governing Documents.

Directors’ Fees, Portfolio Company Monitoring Fees, and Ancillary Fees

The Firm will generally be entitled to collect from or with respect to a Fund’s portfolio companies or a potential portfolio company certain directors’ fees, portfolio company monitoring fees, and ancillary fees; provided that the Management Fee payable by such Fund will generally be reduced by a percentage of any such fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods.

Overhead Expenses

SSC will generally pay all of its own ordinary administrative and overhead expenses, including employees’ salaries, rent, utilities, etc.

Other Fund Expenses

The Fund will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the structuring, organizing, acquiring, managing, monitoring, operating, holding, winding up, liquidating, dissolving and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including, but not limited to, legal, auditing, consulting, financing, accounting, custodian, depositary, transfer, registration and other similar fees and expenses; expenses associated with the Fund’s financial statements, tax returns, Schedule K-1s or any other administrative, or other Fund-related reporting or filing obligations; regulatory related fees and expenses of the Fund; regulatory related fees and expenses of the Firm and similar laws and regulations); expenses incurred in connection with transactions not consummated; expenses of the Advisory Board and annual meetings of the Limited Partners and any other meeting with any Limited Partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund.

Accordingly, the Fund and/or a portfolio company may engage third-party operators and/or consultants (including members of the Operating Executive Board) to provide services to the Fund and/or a portfolio company and any payments to such persons shall not be subject to offset against the Management Fee as described above. In the event that the Blocker Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing Limited

Partners of the Blocker Fund to incur unrelated business taxable income or income effectively connected with the conduct of a trade or business within the United States, all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including, without limitation, those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity will be borne solely by the Limited Partners investing through such intermediate entity.

Performance Based Fees and Side-by-Side Management

As described above under “Fees and Compensation,” SSC receives carried interest distributions based on the profit distributions to Limited Partners. The fact that a significant portion of the Firm’s compensation (and its investment professionals’ compensation) is directly tied to profit distributions generated by the Fund may create an incentive for SSC and such professionals to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. The Firm seeks to address these conflicts through careful vetting of investment opportunities by its investment team and discussion of investments in capital call notices and reports sent to Investors.

Types of Clients

The Firm provides management and discretionary investment advisory services to the Funds, subject to the direction and control of the General Partner of the Fund. The Principals, other members of the investment team and other affiliates provide more limited services to the Pre-Fund Investments. In each case, SSC does not provide advisory services individually to the Investors. However, some Investors have specified certain transaction types and industries they would not feel comfortable in participating. Investors in the Funds may include, but are not limited to, governmental or corporate pension funds, university or similar endowments, funds of funds, other institutional investors, high net worth individuals and foundations.

The minimum commitment for a Limited Partner in the Fund is generally \$5 million; however, SSC has discretion to accept less than the minimum investment threshold as set forth in the Governing Documents. In addition, the Fund may enter into separate agreements, commonly referred to as “side letters,” with certain Investors, to provide such Investors with additional or different terms than those specifically described in the Governing Documents. These side letters primarily relate to laws, policies and procedures applicable only to specific Investors and not all Investors. However, under certain circumstances, these side letters could create preferences or priorities for such Investors with respect to other Investors.

Investors are typically required to meet certain suitability qualifications as described in the Governing Documents, such as being a “qualified purchaser” within the meaning set forth in Section 2(a)(51) of the Investment Company Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to, that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable

Investor suitability criteria are set forth in the respective Fund's offering documents and subscription materials, which are furnished to each prospective Investor.

Methods of Analysis, Investment Strategies and Risk of Loss

SSC seeks to identify and capitalize on investment opportunities where it believes the SSC investment strategy is best positioned to effectively address the underlying root causes of a company's operational, balance sheet or process complexities. The Firm's strategy is based on the Principals' expertise navigating and structuring a wide variety of complex transactions, access to an extensive network of third-party operating relationships (including a group of highly distinguished executives with whom the Principals have longstanding relationships, the "Operating Executive Board"), and ability to develop and implement transformational value creation plans.

Fund Strategy

SSC seeks to invest in lower middle market companies with operational, balance sheet or process complexities. The Firm will focus on orphaned businesses, change-intensive situations, operational turnarounds, corporate carve-outs, public-to-private transactions, financial restructurings and other types of complex transactions. SSC generally targets businesses with \$50 to \$400 million of revenues based in North America across multiple industries, including: consumer, retail, manufacturing, industrial, business services, communications/technology, media, energy and distribution.

Associated Risks

Private equity involves a high degree of business and financial risk that may result in substantial losses. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial amounts of additional capital to support expansion or to achieve or maintain a competitive position. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution.

In considering participation in the Fund, a prospective investor each prospective Investor should carefully review the applicable Governing Documents, as applicable, before deciding to make an investment in a Fund. A prospective investor should be aware of certain risk factors which include, but are not limited to, the following:

Business Risks

The Fund's investment portfolio may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance

The performance of the Principals' prior investments is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any

targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities

The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made.

Concentration of Investments

The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities

The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to bear through the Fund Management Fees during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Partnership Agreement.

Dynamic Investment Strategy

While the General Partner generally intends to seek attractive returns for the Fund primarily through making private equity investments as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner may pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions

An investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded Commitments.

Leveraged Investments

The Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit

agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Limited Transferability of Fund Interests

There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions

Generally, there will be no readily available market for Fund investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the Partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Reliance on the General Partner and Portfolio Company Monitoring

Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Limited Operating History

The Fund has no operating history and will be entirely dependent on the General Partner. While the Principals of the General Partner have previous experience making and managing investments similar to those contemplated by the Fund, the Principals have limited experience managing and investing a committed pool of funds. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Fund's investments may differ from previous investments made by the Principals in a number of respects.

Projections

Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests

Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments

The Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements

The General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Significant Adverse Consequences for Default

The Partnership Agreement provides for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution

Limited Partners admitted or who increase their respective Commitments to the Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon portfolio companies in which the Fund makes investments.

Market Conditions

Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Conflict of Interest

Until such time as the General Partner is permitted to raise a successor investment fund to the Fund, the Principals will pursue all appropriate investment opportunities that meet the investment criteria of the Fund principally for the benefit of the Fund, subject to certain exceptions set forth in the Partnership Agreement. However, the Principals currently, and may in the future, manage several other investment vehicles besides the Fund and investments similar to those in which the Fund will be investing and may direct certain relevant investment opportunities to those investment vehicles and investments. The Principals and the General Partner's investment staff will continue to manage and monitor such investment vehicles and investments. The General Partner believes

that the significant investment of the Principals in the Fund, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have or may have economic interests in such other investment vehicles and investments as well and receive management fees and carried interests relating to these interests. Such other investment vehicles and investments that the Principals may control or manage may compete with the Fund or companies acquired by the Fund. At such time as the General Partner is permitted to raise a successor investment fund to the Fund, the Principals will continue to manage the Fund's investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Fund's investments. Certain investments may be allocated between the Fund and any successor or predecessor fund in a manner as set forth in the Partnership Agreement.

Disciplinary Information

Neither SSC nor any of its managing persons have been involved in any legal or disciplinary events in the past 10 years that it believes would be material to a Fund's or Investor's evaluation of SSC or its personnel.

Other Financial Industry Activities and Affiliations

SSC organizes the Funds, for which affiliates of the Firm serve as general partner or managing member or in a similar capacity. In addition, Staple Street Capital LLC, a related investment adviser that is affiliated by common ownership serves as the adviser to certain special purpose vehicles in relation to the Pre-Fund Investments. Employees of Staple Street Capital LLC also provide services to SSC, however, Staple Street Capital LLC's only investment advisory activities are to manage the remaining two active Pre-Fund Investments and the adviser does not intend to make any new investments that may pose a conflict with the Fund. Otherwise, SSC and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Related persons of SSC may serve as directors and officers of, and provide advice to, publicly traded companies and private companies. Investors should be aware that receipt of material non-public information by the Firm's related persons regarding these companies could preclude SSC from effecting transactions in the securities of such companies. Compensation, if any, for directorships with portfolio companies of the Funds is transferred for the benefit of the relevant Fund(s) as transaction fees. These activities and affiliations facilitate SSC's investment strategy and its management of client portfolios.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), SSC has adopted a written Code of Ethics (the "Code"). The Code is designed to address and avoid potential conflicts of interest and is applicable to all SSC personnel, and any other individual designated by the Chief Compliance Officer as being subject to all or a portion of the compliance

procedures or policies adopted by SSC. SSC requires personnel to act in the Funds' best interests and abide by all applicable regulations.

SSC requires pre-clearance before purchasing securities in an IPO or limited offering (i.e., private placement). SSC also requires periodic reporting by personnel of their personal securities transactions and personal account holdings, and documents any internal violations of the Code. Certain transactions in which SSC engages may require, for either business or legal reasons, that no SSC personnel trade in securities of companies whose names appear on a list (the "Restricted List") for specified time periods. No SSC personnel may engage in any sort of trading activity with respect to a security or a derivative thereof issued by companies appearing on the Restricted List. Procedures have been adopted to ensure compliance with the provisions of the Code, including annual affirmations of compliance and regular reviews of personal securities holdings and transactions.

A copy of SSC's Code is available upon request.

Brokerage Practices

SSC does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments because the Fund invests in private portfolio companies, generally in the form of investments in private securities. To the limited extent the Firm may transact in public securities for the Fund, or engage intermediaries to effect transactions in private securities for the Fund, it intends to select brokers, dealers and other intermediaries based upon their ability to provide best execution for the Fund. The Firm is authorized to make some or all of the following determinations, subject to each Fund's Governing Documents: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer or other intermediary for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Fund, SSC will consider a variety of factors, including, but not limited to, general expertise and background, the type and size of the transaction involved, the stability or solvency of the broker, dealer or intermediary, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Fund. Although SSC generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker, dealer or intermediary, which may justify higher commissions and equivalents than would be the case for more routine services.

SSC does not participate in any formal soft dollar arrangements but may receive research products or services from brokers, dealers and other counterparties or intermediaries that, to the best of the Firm's knowledge, are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to the Firm without regard to transaction costs paid by the Fund or the volume of business SSC directs to these third parties. SSC does not separately compensate such third parties for the research. Research services received

from brokers, dealers, and other counterparties or intermediaries are supplemental to the Firm's own research effort. The Firm may have an incentive to select a broker, dealer or other counterparty or intermediary based on its interest in receiving the research or other products or services, rather than on the Fund's interest in receiving most favorable execution.

SSC receives services from third-party service providers that also provide services to the Fund. SSC may receive a discount from such service providers relative to what it would otherwise be expected to pay had the service providers not been engaged by the Fund. Such discounts cannot accurately be quantified but, nevertheless, may create an incentive for SSC to select a service provider based on its interest in potentially receiving a discount for itself, rather than on the Fund's interest in receiving the most favorable products and services.

Although the Firm has established policies and procedures to address such potential conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Fund and its Investors.

Review of Accounts

Fund investments are primarily private, illiquid and long-term in nature. All investments are carefully reviewed by the relevant members of the SSC investment team and approved by the Investment Committee. The Funds' portfolio companies are reviewed on a continuous basis and SSC's investment professionals meet regularly to discuss potential transactions, economic developments, current events, investment strategies, and the Funds' holdings.

Client Referrals and Other Compensation

In connection with organizing and offering interests in the Fund, SSC engaged UBS Securities LLC ("UBS") as placement agent. UBS received a placement fee in connection with the offering and sale of interests in the Fund.

SSC may also provide related services to portfolio companies or potential portfolio companies and may receive certain directors' fees, portfolio company deal fees, monitoring fees, and other ancillary fees. The Management Fee payable by such Fund will generally be reduced by a percentage of any such fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods.

Custody

SSC is deemed to have custody over the cash and securities held by the Fund because Staple Street Capital II GP, L.P., an advisory affiliate, serves as the General Partner to the Fund. As required by the Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), SSC maintains cash and securities with an independent qualified custodian. The Fund will be subject to an annual independent audit by an independent public accountant that is registered with, and subject to the regular inspection

by the Public Company Accounting Oversight Board and audited financial statements prepared in accordance with generally accepted accounting principles will be distributed to the Fund's Investors within 120 days of the Fund's fiscal year end, in accordance with the Custody Rule. In addition, SSC may provide Investors with additional reports in accordance with the applicable Governing Documents.

Investment Discretion

SSC has discretionary authority to determine the portfolio companies and securities in which the Funds invest and to perform the day-to-day investment operations of the Fund, in each case, in accordance with the terms and conditions of the Governing Documents.

Voting Client Securities

SSC does not generally invest in companies that issue proxy votes. However, should SSC receive proxies in connection with any publicly traded portfolio companies, SSC has adopted written policies and procedures to address how it will vote proxies for the Fund's portfolio investments. SSC's policy is to exercise proxy votes in the best interest of the Fund. Investors cannot direct SSC's vote in a particular solicitation.

When voting Fund proxies, SSC will take into consideration all relevant factors, including without limitation, acting in a manner that SSC believes will maximize the economic benefits to the Funds and promote sound corporate governance by the issuer.

SSC may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures will apply. SSC will seek to avoid material conflicts of interest between the Funds and itself. In general, SSC seeks and accepts the election of one or more representatives to serve on the board of directors (or the equivalent thereof) on behalf of Fund and will typically, but not always, vote in favor of board recommendations and may be required to do so pursuant to contractual agreements with portfolio companies.

In situations where SSC is required to vote the proxy for a company in which employees of SSC serve on the board of directors (or the equivalent thereof), SSC has determined that this does not inherently present a conflict of interest when the sole purpose of this representation is to maximize the return on the Fund's investment in such company. Accordingly, while SSC is generally, but not automatically, fully supportive of recommendations made by a portfolio company's board of directors (or the equivalent thereof) with respect to proxy votes related to that issuer, it will review all proxies in accordance with the proxy voting guidelines outlined herein and may or may not vote in favor of the board's recommendation.

SSC does not direct the Fund's participation in class actions.

SSC has adopted and implemented written policies and procedures regarding the voting of Fund proxies, including the handling of potential conflicts of interest. A copy of SSC's written proxy voting policies and procedures, as well as a record of how SSC has voted in the past, will be maintained and available for review upon an Investor's written request.

Financial Information

SSC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.